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Partnerships of Nonprofit Organizations and Business for the Development of Community Social Welfare Activities: The American Experience

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Introduction

Thank you very much for the opportunity to address this distinguished body of social work educators and scholars. I am delighted to be back in Korea. In the invitation to speak here today I was asked to address the topic of the current state of work in the United States in the area of non-profit/business partnerships for the development of community welfare activities.

In my remarks, I will use the term partnership broadly to suggest several different types or patterns of working-together between two or more distinct organizations. Please do not assume that I speak for American social work in general on this matter. For more than a decade I have had a series of somewhat unique and highly multi-disciplinary vantage points from which to observe the unfolding of this topic. Since the late 1980's, I have been part of a small group of social work scholars engaged in the emerging field of third sector studies in organizations like the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) and the International Society for Third Sector Research (ISTR). In addition, my vantage point as editor of *Nonprofit Management and Leadership* has given me unique access to a range of diverse perspectives on this question of nonprofit partnering. *Nonprofit Management and Leadership* is a multi-disciplinary peer-reviewed journal for scholars and practitioners that publishes the best thinking of five distinct international scholarly and practice communities: Nonprofit social work services, of course; but also, nonprofit work in public affairs and public administration. In addition, we also reach a small but vital group of researchers, theorists and practitioners in business schools, including some in the best known business schools in the U.S. Fourth, there are also small groups of nonprofit management interest in American law schools, and in various places throughout the social sciences, arts and humanities in areas such as music schools, urban studies, museum studies, theater departments, and religious studies as well as groups of researchers working in independent foundations and research centers, notably the Urban Institute. Finally, at *NML* we have access to a world-wide network of scholars interested in nonprofit management, leadership, organizational and institutional questions throughout Europe, Austral-Asia, and beyond. All of this has enabled me to see far beyond the usual

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rather narrow local community focus of American social work education, and that is the view I wish to bring to you today.

Business Partnering Is Marginal

First, I wish to suggest that the very idea of partnering between traditionally non-profit social services, funded by various donative arrangements and subsidized by government contracts, and any type of commercial business ventures is still a relative rare thing in the mainstream of US social work today. Such partnerships raise interesting questions that are currently being asked mostly in schools of business and management, but not receiving anything like the same serious attention anywhere in social work education or practice or the broader business community. There are many reasons for this rather marginal position. In part, the mainstream of American social work education today, after more than two decades of battering by assorted budget cutters, reflects a rather weary consensus around narrow clinical preoccupations in which the very idea of community social work has become quite marginal.

You may be assured that there are social work educators and practitioners involved in facets of what I will describe. They just do not represent the mainstreams of the contemporary profession. And we find increasingly that they are working with others from other professions in multi-disciplinary coalitions. And the larger body of the American social work profession appears at times unaware of the very existence of the activities, interests and issues I will be addressing.

Nonprofit, Voluntary, Nongovernmental, Independent, or Community?

Before we explore nonprofit-business partnering, there are a few preliminaries we need to get out of the way. First, I need to offer comments on terms. One of the initial challenges in speaking of my topic today is sorting through one particularly complicated set of challenges over terminology. One of the most fascinating developments in the international scholarly community of the past two decades is the growing recognition of a broader public role for what is almost universally called “the third sector”. Richard Cornuelle first coined the term *independent sector* in the 1960s; a decade before the Filer Commission in the U.S. “discovered” the same phenomenon and called it the *voluntary sector*. (Cornuelle, 1965; Commission, 1975) Those quoting the Filer Commission almost always overlook both terms in favor of the more widely used *nonprofit sector*.

What one prominent scholar termed a worldwide *association revolution* has been gathering momentum for several decades now. Particularly after the demise of the Soviet totalitarian state, many have referred to the broader pattern of occurrences as the rise of *civil society* and at least one recent U.S. President, together with the current British and German Prime Ministers have referred to it as part of the rise of a new and

unprecedented *third way* between socialism and capitalism. (Baer, 2000; Giddens, 2000) Since the 1830s the French have spoken of a similar, but broader stream of activities as the *economie sociale*, or social economy, and the concept is still in widespread use today. (Pecquer, 1839; Stilitz, Tremblay and Vaillancourt, 2002)

In the U.S. the term *nonprofit* or third sector has come into widespread use to denote those non-distributive corporations created under state law that are also tax-exempt ‘public charities’ under Chapter 501-c of the national tax code. Some American authorities prefer the term *not-for-profit*, but they have generally declined to differentiate it conceptually from *nonprofit* making it a distinction without a difference. This is considerably different from the voluntary sector conceived as voluntary associations and quite a bit narrower than the European concept of *social economy*. The latter also embraces charitable corporations, associations and foundations but also cooperatives and mutual benefit societies.

Regardless of how widely we cast the net, most of us mean by all of this that during the past few decades there has been an unprecedented and dramatic increase in the number of organizations that are *not commercial* – or as we say in the U.S. “for profit” – and that are also *public* in some sense *but not governmental*. But apart from describing what they *are not*, we are all somewhat hard pressed to know what to call these organizations. (Lohmann, 1989) For this occasion, I have stated the question of partnering initially in terms of “nonprofits” and “businesses” which are favored American usages. For followers of the management guru Peter Drucker, the distinctive character of these nonprofits derives from the fact that they are mission- and not market-driven.

In Great Britain and the English-speaking commonwealth countries, many of the same organizations are referred to as *voluntary* organizations. In much of the rest of the world, the term *nongovernmental* or *civil society* organizations appears to be preferred. In American social work we have long designated them as *community organizations* and after the 1960s gradually abandoned the traditional usages of *voluntary organizations* and *voluntary sector*. The nuances of difference in meaning and emphasis here are subtle and slight, but often highly significant, even if there is little general agreement on them.

And these are only the distinctions in English (and one French) terms. I shudder to think what happens when these distinctions are dealt with in other languages. In any event, national clusters of similar organizations that are *not profit distributing*, or *not in the market*, *buying and selling for profit* and also are not governments have become known variously as nonprofit sectors, voluntary sectors, nongovernmental sectors, independent sectors or community sectors. Others have volunteered that they ought to be called association sectors, or social sectors and I am on record as nominating the term *commons* for some parts of these conglomerates. (Lohmann, 1992) And finally, there is also a faction

favoring the null hypothesis that there is no such thing as a *sector* of such organizations. (More on this in a moment.)

The current emphasis on the third sector is closely related to the rise of neo-institutionalism in organizational studies. Neo-institutionalism, which arose in organization theory in the early 1990's, is an approach to organizations striving to move beyond simple behaviorism. After more than a decade of usage, it is no longer particularly new, but the "neo-" is still useful in distinguishing the movement from earlier institutionalisms in American social sciences, the most recent of which succumbed to the rise of behaviorism in the 1950s. Those familiar with Philip Selznick's famous study of *TVA and the Grassroots*, from whence the idea of cooptation derives will have some sense of the earlier institutionalism. (Selznick, 1949)

One of the foremost advocates of the institutional approach to organizations, W. Richard Scott said:

"Institutions consist of cognitive, normative, and regulative structures and activities that provide stability and meaning to social behavior. Institutions are transported by various carriers--cultures, structures and routines--and they operate at multiple levels of jurisdiction." (Scott, 1995)

In economics, the concept of sector is useful primarily as a measurement device, and one can speak not only of the governmental (or public) and business (or private) sectors, but also of the manufacturing sector, the retail sector and virtually any other aggregate of data about firms that has been collected. In the neo-institutional approach to organizations, sector has taken on an extra, organizational meaning somewhat parallel to – and almost as vague as – community or social network. Scott and John W. Meyer capture this sense in the following:

"...we argue the utility of isolating wider inter-organizational systems for study. In particular, we propose the concept of *societal sector* as a useful way of bounding such systems. A societal sector is defined to include all organizations within a society supplying a given type of product or service together with their associated organizational sets: suppliers, financiers, regulators and so forth." (Scott & Meyer, 1994, 108)

What many different notions of a third sector appear to share is agreement not only that 1) *such organizations exist* in substantial numbers; 2) *that they are not business firms*; 3) *and not government bureaus*, but also 4) *that they are increasingly important facets of contemporary social, economic and political life*. I will speak further of *communities* in the neo-institutional sense of agglomerations of three sectors; *government; business and private nonprofit* sectors: By

government, I mean simply, organizations like the City of Seoul and the Republic of Korea; By business, I mean organizations like S.K. Telecom that exist primarily to make money, especially those that distribute profits to owners or shareholders on a regular basis. By nonprofits, I mean organizations that not primarily profit-oriented but *are* primarily mission-oriented *and* that do not possess the coercive powers of the other major sector, *government*, to collect taxes, raise armies, imprison criminals and enforce contracts. In particular, that latter notion of contracting is important one here. Because neither business nor nonprofits are generally empowered to enforce contracts their partnering is itself a relation between two or more essentially co-equal entities able to reach agreement. It is only when such agreements are in dispute or require enforcement that one would turn to government for recourse.

Let me also mention here two terms that are the principal topic of the second half of my paper today. They are *social entrepreneurship* and *social enterprise*. Social entrepreneurship is a term that is rapidly growing in use in third sector discussions in the U.S. and closely parallels in meaning the broader, more vague terms *change agent* and *change agency*. A social entrepreneur is a change agent and vice versa. Social enterprise is a term for a particular type of organization, detailed below, that blends some of the characteristics of the business firm and the social agency.

Three Perspectives on Partnering

One of the things I have long been aware of is the capacity those of us in university social work have for avoiding academic partnerships even while talking about practical ones: In doing one of the chapters of a recent book on social administration (Lohmann and Lohmann, 2002), we became aware that the literature on purchase of services – a topic that necessarily invokes public-private partnerships – is in fact three separate and distinct literatures: one in social work, a second in public administration, and a third in business management – which business school types often call “general management”. Each of these literatures is extensive, running to dozens of articles, and they all consider many of the same questions. Yet, each is more or less mutually exclusive and self-contained and cites no literature from any of the others. Each is a self-contained community of ideas with no explicit links to the others. It is one topic; but three separate but synonymous perspectives. Approaching the matter of nonprofit-business partnerships from each of these three perspectives results in subtle, but important differences in how and why such partnerships are viewed as important. Let us look a bit more closely at each of these three perspectives

General Management Perspective

Business school faculty and students (and working businesspeople) interested in nonprofit questions tend to be concentrated in departments of economics, management, accounting, marketing and public relations.

From this vantage point, nonprofit management and organization are one aspect of general management and the economic organization of firms and thus a *private* (non-public) matter. For economists and accountants, business-nonprofit partnerships are a question of the self-interested relations between two types of economic firms, one seeking to maximize profits and the other seeking to maximize net income.

For many in the business world, much of the challenge of nonprofit management education is enlightenment: The managements of the 1.5 million nonprofits known to exist in the US today are thought to be in a state of general depravity characterized by confusion and uncertainty over mission, and lack of awareness of goals, with rampant mismanagement, fraud, abuse and inefficiency. The general solution for these deficiencies is for nonprofits to become “more business-like”. From such a vantage point, one enters business-nonprofit partnerships either to leverage the superior capacities of the market and firm, or to tutor the confused and unenlightened in the ways of sweet reason. In certain areas as nonprofit accounting and board governance, this posture is at times altogether too appropriate! At other times, it is trite and condescending for businesspeople to assume they have anything to teach to nonprofit managers who have successfully struggled with the complex demands of their situations. In particular, the recent accounting scandals in the U.S. involving Enron, Arthur Anderson, and a host of other U.S. corporations make it altogether too clear that fraud, abuse, mismanagement and general incompetence are by no means limited to the nonprofit world.

Most importantly for our purposes, however widespread they may be, general management and business have had remarkably little impact on American social workers, either in education or in practice. In fact, social work has often seen itself as at least a countervailing interest or at most a higher calling (a counter-culture, if you will) within a predominantly business culture. This difference is one of the principal obstacles to further nonprofit-business partnerships in social services.

Public Affairs Perspective

A second large group of nonprofit management scholars and students in the U.S. are found in Departments of Public Affairs and Public Administration and in various government and publicly funded positions. Their view of nonprofit-business partnerships is quite distinct from the general (that is, business) management perspective. Public administrators hold to the rigorous public/private dichotomy of Anglo-American law and political theory. For them, “nonprofit” includes both public (governmental) and private nonprofit ventures, both of which are distinct from “for-profit” business.

From this public management perspective, the whole point of nonprofit partnerships of any kind is to further the public interest, not private interests, and thus partnerships between governments and non-profits are seen as fundamentally different in some respects from partnerships

between government and business. In all cases, it seems, legislatures and their public agencies identify public interest priorities before they “hire” either nonprofit agencies or commercial firms to deliver the goods.

One major facet of the public management view is the conviction that much of the growth in nonprofit institutions – especially in health care, higher education and social services – is the result of a major shift from simple public expenditures to public-private contracting. Instead of paying higher taxes for higher education, to pick just one example, Americans now pay much higher tuition. Of the top 100 public universities in the U.S., I venture to say that there isn’t even a single one that receives the majority of its funding through direct, public appropriation. For most of these nominally “public” institutions, the proportion of funds that come through public appropriations of tax dollars is somewhere below one third and for some as low as 10 percent or less.

I am not speaking here of traditionally “private” (that is, nonprofit educational) institutions like Harvard or Stanford, but of what are still said to be state (or public) universities in states as diverse as California, Michigan, Minnesota, Pennsylvania, West Virginia, Ohio and other states. These nominally public institutions, still “owned” by their respective states, are forced by circumstances into the curious position of viewing “the public interest” of higher education through the lens that sees students not as citizens but as paying consumers and potential future donors. From this perspective, partnering between the public and nonprofit sectors is a topic that overwhelms any consideration of business-nonprofit partnering.

Social Work Perspective

Finally, for American social workers, we must recognize at least two distinct views on the matter of nonprofit-business partnering. For the general run of American social workers and social work educators, nonprofit-business partnership, is as strange and unknown as the Kamchatka Peninsula; one tiny and largely uninteresting facet of a larger world of professional concerns. As is often said in American social work education, *administration is one of the methods of social work practice*. A form, no less, of what American social workers call *indirect practice*, well removed from the mainstreams of current professional interest. One can search hard in the general social work literature for the slightest mention of public-private partnerships, and any discussion of nonprofit-business partnering is non-existent.

In fact, I am aware of only two articles (both discussed later in this paper) in the entire social work literature on the subject. American social work has remained largely aloof from contemporary international discussions of human rights and humanitarianism, civil society, social capital, social economy, social inclusion and is also currently largely aloof from the centers of creativity discussing social entrepreneurship and social enterprise.

There is, however, a small (indeed, *very* small) body of American social work administration and community organization educators and practitioners – among which I include myself – that has long been interested in this topic. This interest dates at least from the social service budget cuts and program eliminations of the Reagan Administration in 1981. At that time, there was a groundswell of interest among social administrators in nonprofit organizations in finding alternative revenue streams for grants lost and contracts cancelled. In practice, that interest has continued right up to the present in at least some communities. Yet there is little or no record of it in the current American social work literature.

Almost universally, these have been attempts to create subsidiary business divisions in nonprofit social agencies. The theory behind this is quite a simple one: revenues generated by such ventures can be streamed into the social agency to replace lost grant, contract or donation revenues. For the most part, this is an effort merely to create new funding for existing service delivery agencies. In only one case that I am aware of has there been an effort to create an *entirely new business model* or delivery system.

Creating “cash cow” subsidiaries is just one facet of contemporary social entrepreneurship. Another fascinating area are those nonprofit social enterprises that are not the expression of a large and supportive community of stakeholders, but nonprofit sellers of established and recognizable services, especially such organizations that are created and sustained by a single social entrepreneur or small entrepreneurial group. I was President and a board member of such an entrepreneurial entity with revenues in the \$500,000 a year range for more than a decade. Because of changes in funding of American public universities that I mentioned earlier, many Schools of Social Work have also entered the murky waters of entrepreneurship. In our university, many support service units, such as intercollegiate athletics, dormitories, cafeterias and equipment repair services are already on a self-sustaining basis. That is, they must generate revenues sufficient to pay their expenses if they are to continue. Further, academic departments have similar revenue-enhancement opportunities, through continuing education, conferences, summer school courses, off-campus programs and other areas, to enhance the base budget of support they receive from state funds. Just as it did with the nonprofit service agency I mentioned a moment ago, this has placed us in a social entrepreneurial position and made of our school a social enterprise whether we wished it or not.

American social work has been slow to recognize these changes in its basic economic position, however. Almost alone in American social work education, the Center for Social Development at The George Warren Brown School of Social Work at Washington University, under the leadership of its director Professor Michael Sherridan, has pioneered the advancement of asset-based approaches to poverty – as opposed to the exclusive preoccupation of most of American social work education on

social service approaches. According to their web-site “Asset building is defined in CSD's work as *accumulated savings that are invested for social and economic development*.”

(http://gwbweb.wustl.edu/csd/Areas_Work/Asset_building/index.htm/)

Although its projects have included a number of micro-enterprise and micro-credit efforts in under-developed countries and regions, the CSD has not public embraced the social entrepreneurship movement discussed below. In response to an inquiry for this paper, Michael Sherridan replied “we think about much of our work in these terms (of social entrepreneurship). I believe this is what we are doing; an academic version of it.” (Sherridan personal communication, 2003) Like the iceberg of social entrepreneurship in social agency practice, its greatest significance remains below the waterline.

Limited Social Work Interest

The American social work literature is currently almost completely silent on the matter of business-nonprofit partnerships. The psychological turn of American social work education since the 1980s has resulted in a general movement away from community and toward nearly total preoccupation with issues from within the clinical examination room. This relegates most such matters to the antiseptic context of “social environment”. An electronic search in the *Social Work Abstracts* database on the term “partner”, for example, turns up hundreds of entries (361 on August 8, 2003), nearly all of which deal with issues between “intimate partners” (family members, lovers, significant others, etc.) and problems like AIDS. None of those entries deal with organizational partnering of the type under discussion in this paper. Recent searches (September 4, 2003) on the terms *social entrepreneurship* and *social enterprise* report “No records found”.

Even the small number of references that use the term in an overtly community context are mostly occasional or incidental references. There are only a handful of references in the existing social work literature to community partnerships, and many of these refer to government or university partnerships with agencies. For example, a case study by Cook and Ortner (2001) describes a case in which a county-level welfare administrator concerned with implementing “welfare reform” at the local level, worked with a university as a “bridging partner” in a project with the local public schools. Ell (1997) discusses the National Institutes of Health as a “partner” in furthering social work research. Black (1996) discusses universities and agencies as “partners” in providing field instruction in social work education. Professor Betty Mulroy of the University of Maryland School of Social Work has done one of the two published articles dealing with this topic that I mentioned earlier.

Social Enterprise

There can be little doubt that the most interesting concept in business-social welfare partnerships in the world at the moment is contained in two related phrases: *social entrepreneurship* and *social enterprise*. In the U.S., however, interest in this topic has been largely restricted to audiences that do not include social work. This is unfortunate, since nonprofit social

services in the U.S. and even public universities are already being affected by the trends these concepts describe.

My colleague and the founding editor of *Nonprofit Management and Leadership*, Dr. Dennis Young, has been one of the real innovators on this area. Dr. Young, is an economist who is also a member of the faculty at the Mandel School of Applied Social Sciences at Case Western Reserve University in Cleveland – one of the original schools of social work in the U.S. Two decades ago, he authored what I believe is the first contemporary book on the subject of social entrepreneurship. *If not for profit, for what?* published in 1983, is subtitled *A Behavioral Theory of the Nonprofit Sector Based on Entrepreneurship*. Dennis is also a founding member of the National Center for Nonprofit Enterprise, whose website features work by him, two other NML Associate Editors Avner Ben Nur, Sharon Oster, and other well-known nonprofit economists like Burton Weisbrod, Richard Steinberg, Stefan Toepler, Eleanor Brown, Al Shivinski, and James Ferris. (<http://www.nationalcne.org/research2.cfm>)

There are good reasons that faculty at Washington University and Case Western Reserve University would recognize the significance of social entrepreneurship for nonprofits. These private universities have operated on essentially entrepreneurial models for decades. Despite the proximity of Sherridan as a prominent social work professor and Young as a member of the social work faculty at Case Western, American social work in general shows few signs yet of acknowledging this important trend. Instead, the concepts of social entrepreneurship and the social enterprise have been very widely adopted in business schools and economic development ventures.

The Pittsburgh Social Enterprise Accelerator is an interesting example of what is beginning to happen worldwide. Their web site describes the project as “dedicated to helping nonprofit organizations develop successful social enterprise ventures.” It goes on to explain why nonprofit organizations might have an interest in such efforts: “Such ventures provide a nonprofit with an unrestricted earned-income stream that supports the organization's work in the community and leads to greater independence and financial stability.” (<http://www.pghaccelerator.org/>, 2003)

This is precisely what American social work administrators began to explore in the wake of the Reagan budget cuts of the early 1980s. And a number of interesting ventures were, in fact, mounted. The community mental health center in Charleston, West Virginia, for example, created a number of business subsidiaries including a catering service and janitorial service that provided jobs for clients. Unfortunately, that agency recently went bankrupt. This was not particularly because of their earlier entrepreneurial activities but more due to the chaos in mental health funding in general and management failures. In the meantime, the general topic of social enterprise seems to have disappeared completely from the professional social work dialogues of today. The earlier social work interest was entirely practical, immediate (due to the Reagan-induced budget crisis) and marginal to the profession. It also stopped well

short of defining robust concepts like social enterprise that we see emerging today. Today it is mostly economists and business school faculty who are beating the same drum. Nonetheless, it is a drum worth beating. The Pittsburgh site defines a social enterprise in the following manner:

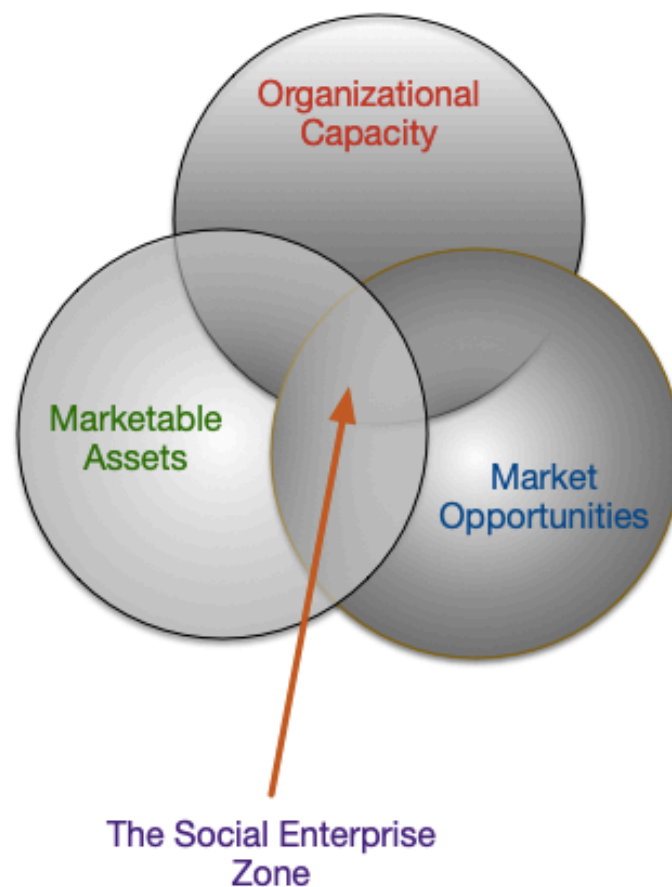
A social enterprise is an income-generating venture that provides a nonprofit with unrestricted funds and enhances the organization's core mission. Earned income, or profit, from these ventures is used at the nonprofit's discretion to meet the needs of its constituents and lessen its reliance on traditional forms of funding.

(<http://www.pghaccelerator.org/enterprise/>)

Something of a concession to the past history of this idea is found in this suggestion:

Social enterprise is known by many names—community wealth, social ventures and social entrepreneurship are just a few. *It's not a new concept, with many nonprofits having already established earned-income ventures* that marry their organizational capacity and marketable assets with a market opportunity. (Emphasis added)

Figure 1
The Zone of Social Enterprise



Another entity, Common Wealth Ventures has created a database listing a range of different social enterprise activities. This interesting database can be accessed at: <http://www.communitywealth.com/index.htm>. Common Wealth Ventures also introduces another distinct type of social enterprise called a *strategic alliance*, which is said to be “A partnership between a company and a nonprofit with a mutually beneficial outcome.” American social agencies have known some forms of such alliances for decades: One organization I served as President, for example, worked with five local companies to sponsor a golf tournament with the proceeds of the event going to the agency. Social enterprise, however, should be seen as a step beyond such alliances.

There is little doubt that with or without social work interest, social enterprises are evolving in some very interesting directions. A search on *mental health* in the Common Wealth Ventures database, for example, produces about 25 ventures in a range of eastern urban states and California, including janitorial, farming, document retrieval, clerical, landscaping, and consulting services, thrift stores and restaurant and food services. Selection of the *human services* category reveals not only a pattern of different states but a different selection of ventures, including

light manufacturing, construction, retail and property management. In all cases, these appear to be efforts to create jobs for social agency clients. The emphasis in “reformed” welfare policy in the U.S. on job creation means that we should expect to see much more of this type of effort in the future. Just as interestingly, however, neither the mental health nor the human services category suggests a tendency of the nonprofit organizations to market their staff expertise in mental health and human services to retail markets.

The Social Enterprise Alliance is “a network of support connecting entrepreneurial nonprofits with learning opportunities, technical assistance and resources to further their efforts.” (<http://www.se-alliance.org/>) Its mission is said to be “To build stronger, more effective nonprofit organizations by mobilizing a community of practitioners and investors to advance earned income strategies.” The SE Alliance is holding its fifth annual conference in San Francisco in March, 2004.

In Great Britain, the Enterprise Accelerator is a project somewhat comparable to the Pittsburgh Accelerator. It has a Cambridge, England mailing address and is self-described as an “early stage business acceleration group with co-investment fund.” (<http://www.enterpriseaccelerator.co.uk/>) Another such group in Great Britain is the London Social Enterprise Network, which defines social enterprise in the following way:

Social Enterprises are financially viable and sustainable businesses that trade in the market to fulfil social aims, such as employment creation or the provision of quality local services. They bring people and communities together for economic development and social gain, having three common characteristics. They are Enterprise Oriented, have Social Aims and have Social Ownership. Although *enterprise-oriented* seems clear enough, and *social aims* obviously alludes to the missions of nonprofits, it isn’t altogether clear what *social ownership* means in this context.

Always quick to recognize important trends, the Harvard Business School has joined the social enterprise movement with an Initiative on Social Enterprise apparently backed by an endowed fund. (<http://www.hbs.edu/dept/socialenterprise/>) Likewise, the Columbia University Business School (<http://www-1.gsb.columbia.edu/socialenterprise/>) and Stanford University (<http://www.gsb.stanford.edu/csi/S369.html>) where Professor Gregory Dees and his colleagues have established themselves as leaders in this area. (Dees, Economy and Emerson, 2001; Dees, Emerson and Economy, 2002) The movement among business schools may even have a publication outlet at Stanford in *The Stanford Social Innovation Review* (<http://www.gsb.stanford.edu/ssir/>)

There is only one extant piece of social work literature that I am aware of that deals directly with social enterprise. Gray, Healy and Crofts (2003) published a paper in the *Australian Social Work* journal that “explores the

relevance of social enterprise to social work practice and policy development.” Social enterprise in their view, refers to “a broad set of approaches that use business acumen to address social goals.” That definition and particularly the phrase “business acumen” is already somewhat different from the more precise phrasing of the Pittsburgh group: “...income-generating venture that provides a nonprofit with unrestricted funds.”

Gray, et. al. do quite accurately characterize social enterprise as “a marginal activity in social work for a long time,” although I would question their view that “recently social enterprise has been thrust into the spotlight in debates about the future of social policy and community services”. Perhaps in Australia (and Great Britain and elsewhere) this is so, but I am unaware of any such current social policy developments in the U.S.

The decline of public tax support for public universities has created some interesting examples of social enterprise within these academic settings. In many respects, one might characterize this as a convergence between private universities like Washington University and their public counterparts. In the School of Social Work at West Virginia University (WVU-SSW)¹, a state university, the continuing education program, summer school and three to five off-campus centers at any given time all operate on a *revenue model* under which they are expected to at least pay for themselves. Importantly, the division is allowed to keep surpluses in any given program and use them to make up for deficits and shortfalls in other areas or invest them in new programs. It is important to note, however, that despite the entrepreneurial behavior on display at WVU-SSW, there is no significant involvement of business ventures.

Three-Way Partnerships

Many of the existing partnerships in American nonprofits are, in fact, three way (public, nonprofit and commercial) ventures explicitly directed at improving the management of nonprofit organizations. Many of these are created with the financial support and encouragement of foundations. A surprising number of the most visible three-way partnerships are found in California. For example, the Long Beach Partnership, “was created in 1993 by the Josephine S. Gumbiner Foundation to provide educational, management and networking assistance for nonprofits.”

(<http://www.lbnp.org/>). The Colorado Springs Chamber of Commerce created a three-way partnership.

(<http://www.chambernprofitpartnership.org/>) The San Mateo County (California) Partnership is a public-nonprofit partnership that not only offers training, but also joint purchasing and personnel recruitment

¹ At the time this paper was presented, the social work program was officially known as the *Division* of Social Work, within the School of Applied Social Sciences. That unit was subsequently disbanded and the program is now officially the School of Social Work as it was for most of its 75+ year history.

efforts. (<http://www.co.sanmateo.ca.us>) There is also *Rebuilding Los Angeles: A Public, Private and Nonprofit Partnership* described in a written report that is available online. (<http://www.ksgcase.harvard.edu/case.htm?PID=1542.9>)

Not all such organizations are located in California, by any means. The Partnership for New York City is a nonprofit membership organization made up of 200 corporate, investment and entrepreneurial firms doing business in the city and committed to working in partnership with government, labor and the nonprofit sector “to enhance the economy and maintain New York City’s position as the global center of commerce, culture and innovation...” (<http://www.nycp.org>) One might add that the huge community of social work and social service nonprofits in the city are conspicuously absent from the list of participating organizations.

These examples are typical of the hundreds – perhaps thousands – of such partnerships between government, business and nonprofits found in the U.S. today. Many are simply social alliances, as that term was used above, others are more clearly of an entrepreneurial nature.

Conclusions

So, where does this leave us? There are a number of general conclusions that I would like to emphasize in concluding my remarks today.

The first is that social entrepreneurship was an interesting and worthwhile solution to the situation of the nonprofit social agency when it was first discussed, and it remains so today. In its most fundamental sense, it is a rather simple streamlining: Rather than corporate profits going directly to stock owners who then elect to donate to the nonprofit, the nonprofit itself becomes the direct beneficiary of corporate profits. Many American nonprofit social service firms have already shown that professional values can function as substitutes for general community or public oversight in keeping them on mission and delivering efficient and effective services. The entrepreneurial model provides a revenue model consistent with that assumption.

At the same time, it is unlikely that business-nonprofit partnerships in social services involving American social workers will develop to any great degree. Neither American social work nor American business are currently well positioned for a serious and sustained interest in partnerships with the other. Although the concept of social entrepreneurship was pioneered in the United States, it has already entered the international community and I fully expect that events in the rest of the world will quickly outpace those in the U.S.

There have always been corps of highly innovative and socially-conscious people in American business, like Ben and Jerry’s Ice Cream and Paul Newman’s Brands. Currently, there is also a large corps of entrepreneurship boosters in American university business schools.

However, much of the American private sector remains in the control of business leaders enraptured with “old fashioned values” taken from assorted rugged individualism, religious fundamentalism, social Darwinism, laissez-faire and assorted “get-rich-quick” and “you can never been too rich” mentalities. At the same time, much of American social work is unwaveringly dedicated to an Eisenhower-era vision of a bi-partisan, gradualist welfare state that doesn’t fit the contemporary political realities of the U.S. As a result, most contemporary American social workers are simply uninterested in the particular realities of organization, economics and institution building that the social entrepreneurship movement addresses. In this view, principle #1 is that government ought to continue to provide tax-supported social services and principle #2 is simply, if public funding fails embrace principle #1. One can find this view expressed by American social work students, by workers in agencies and in the official pronouncements of the American National Association of Social Workers.

If community social services are to join the rapidly spreading international movement for nonprofit social entrepreneurship, it will require one of three things: a massive and substantial change in values among the rank and file of American social work; extremely skillful leadership from the small minority of social work administrators, organizational leaders and macro-practice educators still operating within the profession; or significant leadership from social work educators and social workers in the international community.

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